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PROMOTING FOOD SECURITY:

AFRICA AND BEYOND



**A FOOD SECURITY INITIATIVE BY
THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

October 1996

PROMOTING FOOD SECURITY AFRICA AND BEYOND AN OVERVIEW

A new consensus has emerged that food security is Africa's most fundamental development issue. The continent's inability to grow or buy enough food breeds conflict, causes extensive malnutrition and retards economic growth and meaningful policy reform. Without improving the food security prospects on the continent -- by increasing agricultural productivity and earnings -- Africa's economic and social problems will only deepen.

The "*Promoting Food Security*" initiative proposed by the U.S. Agency for International Development (USAID) represents a major effort to address food security in Africa. This initiative promises to significantly increase the prospects for food security in nine nations across the continent and provides for investments in agricultural research and policy reform. The initiative offers the United States tremendous benefits while maximizing resources to advance our national interests in a more stable and prosperous Africa.

The bottom line is a remarkable "win-win" situation. Through the "*Promoting Food Security*" initiative, the United States can combat the scourge of hunger in Africa and beyond, while reducing costs for humanitarian relief and boosting America's economic

- *Food security is Africa's core development problem*
- *By promoting food security, we can prevent costly disasters like Somalia and Rwanda*
- *Both African and American farmers benefit from agricultural research*
- *Developing nations are a tremendous market for U.S. agricultural exports*

fortunes. The United States has traditionally been a world leader in fighting hunger, but never before have America's self-interest and humanitarian interests been more closely aligned.

According to the International Food Policy Research Institute, each dollar invested in agricultural research in developing countries increases these nations' imports of additional goods and services by more than \$4. It is well-documented that, as developing countries improve their agricultural sectors, their agricultural imports *actually increase* as a result of rising incomes and changing diet preferences.

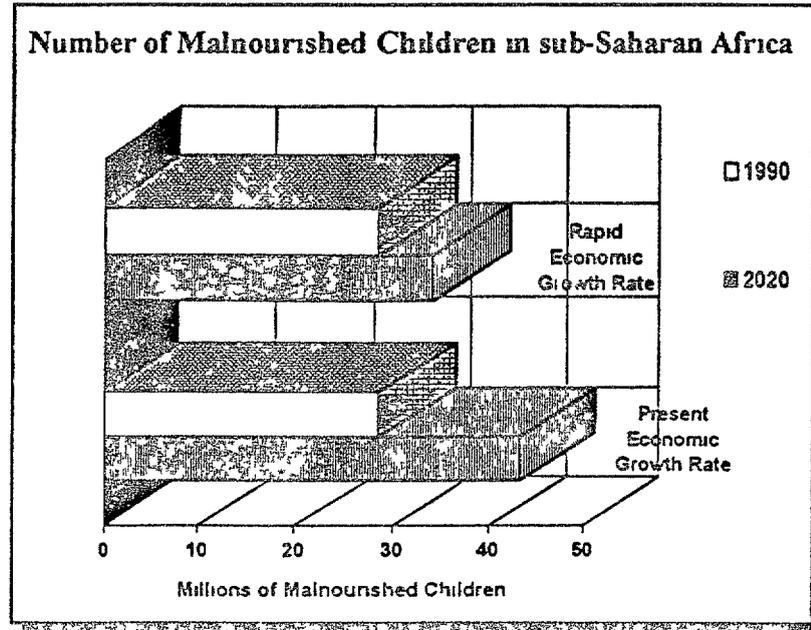


Access to genetic resources through international agricultural research also provides enormous benefits to the U S economy U S farmers need continued access to improved crop varieties that result from diverse plant and animal species found overseas and developed through international research

USAID's international research has consistently provided major breakthroughs in crop varieties and strains that have produced remarkable economic benefits at home and abroad A new study by the International Food

Policy Research Institute shows that USAID investments in international wheat research, for example, have returned \$190 for each dollar invested

Chart 1



Many Americans beyond those involved in agriculture benefit from increasing prosperity in the developing world Under the leadership of the Clinton Administration, developing countries have provided a significant avenue for expanding U S exports U S exports to developing nations have increased by more than 5 percent annually during the 1990s More than 40 percent of all U S exports are sold to developing countries, and it is widely agreed that these dynamic new markets will continue to significantly expand The \$197 billion in yearly exports to developing countries accounts for millions of U S jobs Trade with developing nations has become particularly important to America's agricultural producers Half of U S agricultural exports, approximately \$37 billion worth of goods and services, currently go to developing nations

In addition to these direct economic benefits, it is equally clear that the cost of inaction in Africa would be high for the United States For the African countries where the



"*Promoting Food Security*" initiative is likely to work, an additional \$900 million per year will be needed for food aid by the year 2005 if agriculture maintains its current 2 percent growth rate ¹ However, with the modest investments represented by this initiative, a 4 percent or 5 percent growth rate in agriculture would likely occur as a result of investments in improving policy and new agricultural technologies The total annual cost of food aid for the countries targeted by this initiative will soar to almost \$1.4 billion in the year 2005 under the slow growth scenario

In people terms, the costs of inaction are also enormous (see chart 1) If current slow growth continues to the year 2005, tens of millions of people will be unable to maintain their already low level of food consumption Such massive human costs will no doubt help to precipitate crises Even excluding Department of Defense costs, these crises in Africa have been costing the U.S. government between \$500 million and \$1 billion annually

PROMOTING FOOD SECURITY THE INITIATIVE

"*Promoting Food Security*" is a 10-year initiative consisting of two basic elements: increased resources, primarily for agricultural development and research, and a more effective use of current resources '*Promoting Food Security*' is targeted at Africa, with more than 75 percent of funds dedicated to that continent The balance of funds will support a range of agricultural research and policy reform, whose applications will benefit not only Africa, but other developing regions as well USAID requests new resources of \$100 million annually in Development Assistance to support this strategy Also integral to the strategy is maintaining a floor of \$60 million annually for Title III food aid in Africa

The initiative is aimed at the estimated 200 million chronically malnourished in Africa The cost of this initiative works out to about 50 cents per person per year In contrast, the USAID-supported emergency relief operation for Rwanda and its neighbors now costs more than \$120 per Rwandan beneficiary a year Key areas for new resources would include

- Policy reform,

¹ See appendix for methodology



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- Agricultural research worldwide, but with special focus on Africa,
 - A focus on food aid for development purposes linked with a continued effort to prevent crises before they happen, and,
 - A selected effort to improve rural infrastructure

The initiative will mobilize U S , international and African centers of expertise in support of agricultural research and extension services, agricultural policy analysis and reform, and agricultural enterprise partnerships. These activities will be carried out in collaboration with organizations such as U S land grant universities, Collaborative Research Support Programs (CRSPs), the International Agricultural Research Centers of the Consultative Group on International Agricultural Research (CGIAR), U S universities, U S agribusiness, the non-governmental organization community, and the agricultural cooperative sector.

In its first year, the initiative will target nine African nations. The countries involved in this strategy will likely change over the life of the initiative. As the initiative progresses, special emphasis will be given to those second-tier countries that have demonstrated positive movement with respect to agricultural policy reforms, but where additional work is needed on both agricultural policy and technology. Three groups of countries will be targeted in the initiative.

Group 1

Countries with major reforms in place, where there exists a need for some second-tier reforms. The focus in these nations will also be on investments in agricultural technology. These countries represent the greatest potential for rapid expansion of food security and trade. Group 1 nations also have the greatest potential to be "graduated" from the "*Promoting Food Security*" initiative within several years. First-year Group 1 countries would include Uganda, Ghana and Mali.

Group 2

Countries where more modest policy reforms have taken place. The focus in these nations will be on supporting continued reform and strengthening agricultural investments. First-year Group 2 countries would include Mozambique, Ethiopia, Eritrea, Tanzania and Malawi.



Group 3

Countries in transition from disasters to more stability and reconstruction. The focus would be on moving from relief to eventual development, including some agricultural investments. Angola would be the only initial country in Group 3. Additional countries in this category would be determined by their emerging political situations.

The first-year budget for the initiative is as follows:

"PROMOTING FOOD SECURITY" INITIATIVE

First-Year Budget
(In Millions of Dollars)

Country Programs

Angola	5 0
Eritrea	2 0
Ethiopia	3 0
Ghana	15 0
Malawi	7 0
Mali	8 0
Mozambique	10 0
Tanzania	10 0
Uganda	15 0

Subtotal 75 0

Agricultural Research and Science

(Directed through CGIAR and universities in cooperation with CGIAR)

Increased Food Production

Major Basic Food Crops	6 0
Livestock Production	3 0
Fisheries, Aquaculture	1 0

Improved Use of Natural Resources

Agroforestry	2 5
Water Management	1 5

Biodiversity, Genetic Resources

Conservation	2 0
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Integrated Pest Management	1 0
<i>Economic Analysis of Center Research</i>	
Production and Marketing	1 0
Natural Resources	1 0
Food Consumption and Nutrition	1 0
	<hr/> Subtotal 20 0
Agricultural Policy	
Trade Liberalization	1 0
Land, Labor and Financial Markets	0 5
Policy, Inventory and Monitoring	0 5
Genetic Resources Policy	0 5
Sustainable Agricultural Policies	1 0
Product Market Reform	1 0
	<hr/> Subtotal 5 0
	Total 100 0

A COUNTRY-BY-COUNTRY LOOK AT THE "PROMOTING FOOD SECURITY" INITIATIVE

In the first year of the initiative, roughly half the funding will be focused on three Group 1 countries -- Ghana, Mali and Uganda -- where significant policy reform has already occurred and where USAID has comparatively well-staffed field missions. This strategy will provide the greatest returns in boosting food security, expanding U S exports, and advancing U S interests in countries already starting to experience positive growth. The balance of the funding will be spread across six other countries with more immediate food security needs.

Impact from this initial funding will first be seen in changes in agricultural policies -- second-tier policy reforms in those countries that have already made significant progress and more sweeping reforms in countries that haven't advanced as far. Although removal of policy barriers is the essential first step, it is not sufficient, in and of itself, to ensure long-term growth. To respond fully to incentives, farmers also need improved technology and infrastructure, and the initiative will allow renewed efforts in these areas.



New and improved agricultural technology will result largely from regionally based investments in reforming and broadening national agricultural research systems, from regional commodity networks that avoid costly duplication of effort and more quickly spread new technologies, and from support to research itself through U S universities and international research centers. Such investments in new technologies have typically shown a rate of return ranging from 40 percent to over 100 percent, a return that is likely to be even higher as African countries improve their policy environment

Growth Through Reform

Mali provides a shining example of how major agricultural policy reforms can engender tremendous improvement in the food security and economic growth of a low-income African nation

A decade ago, Mali had an enormous food deficit. The country required annual food aid shipments of 80,000-100,000 tons to feed its 7 million people. This chronic dependence on food aid was costing donors more than \$25 million annually. Today Mali's food aid imports are steadily declining -- they cost only about \$3 million in 1995.

Major agricultural policy and macroeconomic reforms began in the early 1980s with strong donor support. The agricultural policy reforms included market liberalization, pricing policy, and reorganization of parastatals. The reforms also included removal of export restrictions. By the early 1990s, the policy reforms were making a lasting impact and the nation's food security steadily improved. Now, Mali has recorded two consecutive years (1994-95) of accelerated agricultural growth averaging just over 8 percent annually.

The cumulative food aid cost savings to donors is estimated at \$58 million during the 1992-96 period alone -- highlighting the cost effectiveness of investments in agricultural policy reform.

USAID assistance has been a significant part of the Malian success story, contributing to the major increase in agricultural production, aiding in export promotion activities, and supporting privatization and restructuring during the FCFA devaluation.

-- ANGOLA --

The program in Angola will focus on relief-to-development activities, such as getting packages of appropriate seed varieties and inputs to farmers as they return to their fields, and rehabilitation of infrastructure, such as bridges, that are essential to connecting rural communities to agricultural markets.



"Promoting Food Security" and the Greater Horn of Africa Initiative

"Promoting Food Security" and the Greater Horn of Africa Initiative are highly complementary. In fact, the "Promoting Food Security" initiative will be extending the principles developed and refined under the Greater Horn initiative to a number of other African nations. In addition, several countries in the Greater Horn of Africa will benefit from critically needed funding under this proposed new initiative (Ethiopia, Eritrea, Uganda, Tanzania) in the first year. Thus, the "Promoting Food Security" initiative is expected to contribute significantly to the two objectives of the Greater Horn initiative: improved food security and crisis prevention. An estimated 40 percent of the food problem in the Greater Horn region is in Ethiopia, which is expected to receive both Title III and Development Assistance resources under "Promoting Food Security."

A key principle of the Greater Horn initiative, replicated in the "Promoting Food Security" effort, is the understanding of the importance of moving nations from emergency relief to reconstruction to longer-term development. Both initiatives are also structured around a more integrated use of food aid and development assistance. Application of these principles is essential to ensure that relief activities are carried out in such a way as to facilitate long term development and to ensure that development activities help to cushion against possible emergencies. "Promoting Food Security" will apply these principles throughout its activities, give special attention to the use of food aid for development purposes, and move populations away from relief to self-sustaining production, such as in Angola and Uganda.

African ownership of development programs, both policy reforms and specific projects, is another essential principle nurtured under the Greater Horn initiative. This, too, will be a cornerstone of "Promoting Food Security," where particular attention will be given to ensuring the sustainability of activities by stressing African ownership from the beginning of the program. Both initiatives also stress strategic coordination, at both the donor headquarters level and at the African country level within the context of host country plans. Such coordination is essential to avoid duplication of effort, maximize scarce resources, leverage additional funding, and promote African ownership.

-- ERITREA --

In Eritrea, the initiative will concentrate on improving agricultural technology and support for farmers and rural entrepreneurs. This effort will complement the current food aid and rural infrastructure program in Eritrea.

-- ETHIOPIA --

In Ethiopia, there is a need to extend policy reforms such as liberalization of fertilizer supply, expand support to farmers through technical packages and credit on a sustainable basis, and continue new efforts at coordinated relief-to-development activities.

-- GHANA --

In Ghana, the initiative will help the government reduce barriers to increased input supply and



agricultural growth by establishing a uniform system of import duties and reducing lengthy customs clearance and licensing requirements. The initiative will increase exports of high-value crops that provide badly needed income to small producers and support a series of efforts to link small farmers to markets.

-- MALAWI --

In Malawi, privatization of government assets and the dismantling of the parastatal marketing board will be the first priorities in increasing free market incentives for farmers.

-- MALI --

In Mali, the focus will be on consolidating and deepening reforms in the rice sector, promoting value-added production and marketing strategies for livestock and cereals, and credit/savings mobilization for small and micro-enterprises. In addition, attention will be given to increasing skills and market opportunities for small farmer income generation in non-traditional commodities.

-- MOZAMBIQUE --

In Mozambique, the initiative will focus on agricultural pricing and marketing reforms, land law revision, and supporting policies to encourage development of rural financial institutions. Some funding will also be used to improve rural roads.

-- TANZANIA AND UGANDA --

In Tanzania and Uganda, rural roads are a priority, along with continued focus on improving sectoral policies and encouraging more direct support to production. Better rural roads will allow farmers to sell their products, make inputs more readily available, and encourage the development of small-scale rural enterprises. In Uganda, the initiative will also launch a major effort, targeted at the more food-insecure northern region of the country, to help refugees and others grow their own food rather than remaining dependent on donor food aid.



THE INITIATIVE -- GETTING THE RIGHT INCENTIVES

The heart of the "*Promoting Food Security*" initiative is an understanding that agriculture will not succeed without getting the policies "right." Through the initiative, policy analysis and assistance in implementing policy reforms will be carried out by U.S. institutions, both university researchers and the private sector, in collaboration with host country counterparts. Comparative, regional and cross-country work will assist in promoting sound policy reform in specific country contexts.

Donors have placed increased emphasis on the structure of incentives, not only in macroeconomic policies, but also at the sectoral level. Special regard is being given to the interaction of macroeconomic policies and incentives in the agricultural sector. A recent review of USAID's assistance in the agricultural sector confirmed that inadequate policies are frequently the main obstacle to economic growth in the agricultural sector. Thus, the U.S. position for the World Food Summit has identified the "adoption of appropriate national policies by all countries as the foundation for food security at all levels" as the highest priority. In this context, the United States will offer to share its expertise with selected countries wishing to review and change their national policies to improve food security.

The transition to democratic governments in Africa presents both dynamic opportunities and real challenges for policy reform. Leaders are increasingly accountable for effective policy change, however, governments also need assistance in the short run to balance the effects of that change.

The initiative will focus on the following areas of policy reform:

Promoting Market Reform

Real increases in agricultural productivity depend on the use of inputs such as fertilizer, yet input use is dropping in many parts of Africa as subsidies disappear. The initiative will target means to increase the availability of needed inputs, without returning to a government subsidy system. Market reform will include assistance to identify and alleviate policy constraints on the supply of agricultural inputs and agricultural outputs.



Strengthening Land Tenure

Land tenure is emerging as a critical constraint throughout Africa. Secure use, rights, and ownership of land, particularly for women, are essential to promoting agricultural productivity. In South Africa and Southern Africa, access to land by traditionally disadvantaged groups is also a major issue.

Fostering Market Liberalization

State ownership, price regulation and market controls are issues still obstructing progress in a number of African nations. Other nations that have begun to embrace more open market reforms also require additional support to stay the course during their adjustment period. Agricultural trade liberalization will include development of a global market information system for use in improving cross-border, regional and international trade opportunities and will include our assessment of impacts of agricultural trade liberalization as a basis for promoting discussions with developing country partners about policy reform and further liberalization.

Reducing Trade Barriers

Removal of trade barriers, such as tariffs and export controls, remains a problem in several countries.

Supporting Land, Labor and Financial Capital Reform

The initiative will assist in implementing rural land, labor and financial market policy reform, including farm restructuring and the identification of "best practices" for reforming rural banking systems, maximizing employment and reforming land policies to foster sound resource management.

AGRICULTURAL TECHNOLOGY -- THE ABILITY TO RESPOND TO INCENTIVES

The "*Promoting Food Security*" initiative will contribute to a science and technology framework for agriculture worldwide. Research will be carried out by 17 international agricultural centers (16 of which are members of the CGIAR) and by the centers in cooperation with U.S. universities. In general, the centers will work on more applied aspects involving field study and policy dimensions of their programs, and the universities will work on issues that require more advanced scientific procedures, such as biotechnology.



The Board for International Food and Agricultural Development has recently recommended that USAID commission a paper on "Science and Technology Policy for Global Agriculture," and USAID is already heavily involved with the World Bank and other donors to restructure the worldwide framework. Some key elements of this framework include intellectual property rights for genetic resources, global agreements regarding who should be doing basic and applied agricultural research, and global and national policies and agreements regarding sustainable agriculture, particularly for marginal lands.

To achieve its objectives, this initiative proposes to reinvigorate the CGIAR system for long-term strategic research by restoring the U.S. contribution to previous levels, engaging both the CGIAR institutions and U.S. universities. Funding will be provided for international research efforts with emphasis on institutions and programs that will impact on Africa. An integrated program will be developed, drawing on comparative advantages and complementarities including U.S. university expertise, CGIAR research capacity, national research programs and other partners such as non-governmental organizations and the private sector. Thus, the initiative will contribute to the achievement of the global strategic agricultural research agenda, giving particular attention to objectives where the United States has either a comparative advantage such as in biotechnology or where it has a priority interest such as in African food security.

As a region, sub-Saharan Africa requires technologies adapted to the challenging climate and soil conditions found in many areas. In some instances, research has led to new technologies that farmers are already using to rapidly increase productivity and incomes. In many other cases, adapted crop varieties and livestock breeds meeting farm conditions are simply not available. Technologies also need to ease women's burden in agriculture, increase their control over resources and assist families to raise healthy children.

FOOD AID FOR LONG-TERM DEVELOPMENT

Even with favorable scenarios for economic and agricultural development and expansion of domestic food production, export earnings and incomes, food aid will remain indispensable for food security on the African continent. Food aid is essential to counter emergency production shortfalls and to ensure adequate supplies overall in domestic markets as countries adopt reforms.



This initiative will use an expanded Title III program as a versatile and effective instrument for enhancing food security. The program's flexibility allows food to be used for relief purposes or as a source of local currency through sales mechanisms that can work to strengthen agricultural marketing systems. At the same time, Title III is the only food aid tool that provides a vehicle for policy dialogue.

The initiative will use these Title III funds for the following purposes:

Fostering Policy Reform

Title III programs serve as an effective instrument to engage governments in food security policy reform. In addition, these programs can support safety-net mechanisms that help to shield vulnerable communities from higher food prices arising from the elimination of government subsidies. At the macro level, Title III will provide balance-of-payments support by offsetting the need to purchase food. This will help to ensure that governments are able to maintain investments in social sectors such as health and education and to reinforce appropriate macroeconomic policies.

Expanding Agricultural Research

Local currencies generated from the sale of Title III commodities will be used to support agricultural research. For example, there will be opportunities for using Title III to strengthen the capacity of national agricultural research systems.

Expanding Infrastructure

Title III local currencies can be used to direct more government activities focusing on construction, maintenance and repair of basic rural infrastructure. This model has been used in Eritrea, where local currency is being used to support the government's rural roads program.

Supporting National Grain Reserve Development

Title III will be used to build local capacity to mitigate the effects of natural disasters. For example, USAID in Ethiopia has used Title III wheat to capitalize an emergency grain reserve. This has not only helped to stabilize grain markets, but also provides a cushion against periodic drought. Other countries that depend on food imports could develop the capacity to store as much as a quarter of their annual food aid shipments.



USAID is currently engaged in a new dialogue with its private voluntary organization partners and field missions regarding the development uses of Title II. This dialogue is aimed at making food aid investments better coordinated with overall food security strategies.

The initiative will use Title II funds for the following purposes:

Increasing Agricultural Productivity

Title II will be used to improve adoption of agricultural technologies for households suffering from chronic food insecurity and its consequences. Title II food aid will be used to facilitate the transition to agricultural practices that are both more productive and more sustainable for the smallholder.

Improving Rural Infrastructure

To bring about sustained improvements in agricultural productivity, labor-intensive food-for-work activities will support such diverse activities as the stabilization of shifting dunes, the establishment of village-level grain and seed banks, the establishment of tree and shrub nurseries, the building of small-scale irrigation infrastructure, the construction of farm-to-market roads, and the promotion of terracing, reforestation and flood prevention embankments.

FOOD AID -- RESPONDING TO CRISES, PREVENTING CRISES

If humanitarian crises are not addressed opportunely, if we do not address famine and social disorder before they occur, then the costs of response, rehabilitation and reconstruction invariably grow geometrically. Food aid can minimize the human and economic loss, accelerate the return to normalcy during a transition period, and increase the chances for sustainable long-term development. USAID is committed to support international efforts to respond to humanitarian crises that create emergency food aid needs and to practice a diplomacy of prevention that increasingly limits the occurrence of new crises.



INCREASING USAID'S IMPACT

At least as important as new resources is maximizing the effective use of all resources. USAID resources have had major positive impact on saving lives and reducing food insecurity, nonetheless, new approaches are emerging that will make interventions even more effective.

African Ownership

A hallmark of the initiative will be the inclusion of Africans as full partners. USAID will stress African ownership of policy reform along with increased attention to developing a broad base of constituencies for reform. One example of this approach is the innovative Title III program recently approved in Eritrea. The program is structured around Eritrea's national food security policy. Disbursement of assistance is based not on USAID-determined benchmarks, but rather on the Eritreans' demonstrated commitment to their own policies and to measurable results against these commitments. The program thus reinforces African ownership of policy reform, which we now believe may be the single most important factor in determining whether governments will "stay the course" on tough reform agendas.

In terms of agricultural research and technology dissemination, regional and national leaders will help guide the agenda, ensuring that its objectives reflect the consensus of Africans. The initiative will foster African involvement in the CGIAR system's planning and program implementation across the continent -- thus leveraging substantial resources contributed by other donors.

Strategic Coordination

Improved Africa-wide donor coordination at the headquarters level, and at the national level within the context of host country plans, will be central to the initiative. In this era of constrained resources, donor coordination is crucial. USAID already is moving to establish consultative mechanisms including the U.S./European Union Trans-Atlantic Initiative, which promotes the formulation of national food security strategies and action programs clearly defining the roles and contributions of recipient governments, donors and executing agencies, and the Japan-U.S. Common Agenda.

At the field level, the initiative will encourage regional agricultural organizations to



engage the political leadership at both regional and national levels. This will help to develop lasting support for sustained effort in technology development and dissemination. Regional approaches to technology and policy analysis will be expanded to reduce duplication of effort, hasten the spread of agricultural technology, and increase cross-border trade to even out supply and demand and improve food security. Agricultural technology activities will feature better coordination between international and national researchers, institutional reforms of national systems (broadening the base to include private sector and non-governmental organizations, broadening research focus to include processing and marketing, priority setting and impact assessment), and leadership development.

Within USAID, relief and development activities will be more tightly linked so that development programs are designed to help prevent disasters or mitigate their effects and so that relief programs reinforce development objectives.

Focus on Sustainability

Increased attention will be given to host government public finance and host country investment rates in agriculture. Sustainable financing mechanisms will be developed to support agricultural development activities, especially local capacity for adaptive agricultural research. This will reduce dependency, increase accountability, and hasten graduation from donor funding. Of course, institutional and environmental sustainability also will continue to be a key element of the way USAID does business.

Results

The stabilizing benefits envisioned in this initiative have far-reaching implications for key development goals. The initiative will make a significant contribution to achieving the agency goals, as articulated in the agency's strategic objectives, of "broad-based economic growth achieved" and "lives saved, suffering reduced and development potential reinforced" and will enhance the ability of our field missions to achieve specific strategic objectives within their country strategies. Of the proposed \$100 million in Development Assistance funds, we envision that approximately \$70 million would be directed toward policy reform efforts (including \$65 million for Africa-specific policy reform and \$5 million for global agricultural policy programs with relevance to Africa). The additional \$30 million would be used for research and technology transfer (including \$20 million for the CGIAR and



U S university systems) Results will include an agricultural growth rate of at least 4 percent in up to nine target countries

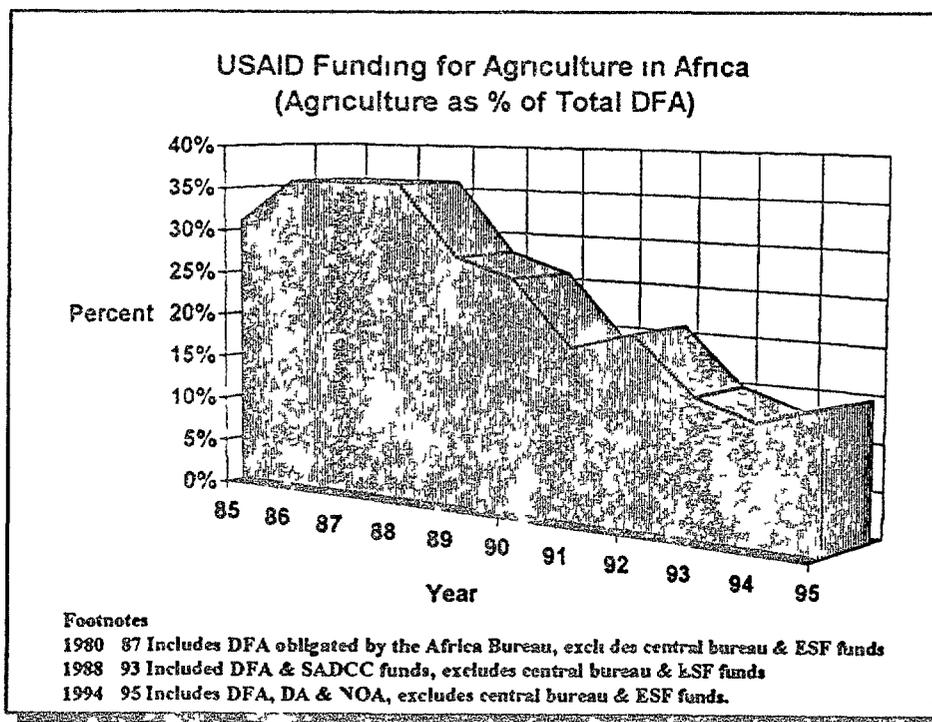
Improved nutrition will also emerge as a primary benefit as families have greater reserves to see them through lean seasons or acute shortages due to other factors While specific quantification of the nutrition benefits needs additional work, there is no doubt that tens of millions of people will see improvements in their nutritional status

SHRINKING RESOURCES FOR ECONOMIC GROWTH AND FOOD SECURITY

This request for additional resources through the "Promoting Food Security" initiative comes at a time when overall USAID investments in activities that promote food security have declined precipitously Worldwide, USAID has been forced to sharply decrease funding for activities like agricultural research and agricultural policy reform This has particularly impacted Africa, where agriculture is the mainstay of the economy and economic growth will not occur without agricultural development

Between 1986-88, 36 percent of USAID's Development Assistance funds to Africa went to agriculture That figure has fallen to less than 15 percent today (see chart 2) A reduced overall budget and directives to spend a larger share in the social sectors have sharply

Chart 2



eroded available funding for policy and institutional reform, agriculture and food production

In particular, investments in agriculture technology have suffered. USAID contributions to the International Agriculture Research Centers has declined almost 50 percent over the last five years. Funding for agricultural policy has also declined significantly. Ten years ago, almost every USAID field mission in Africa had at least one major agricultural research project. Today, not a single mission has a stand-alone agricultural research project. These funding reductions are occurring at the same time that empirical evidence shows a much higher payoff from past investments in agricultural research in Africa than was generally thought to be the case.

THE SCOPE OF THE FOOD INSECURITY PROBLEM

Poverty is the root cause of food insecurity in Africa, where people spend 60 percent to 80 percent of their income on food. Food security is best viewed as having several dimensions. First, adequate food must be *available* through local production, commercial imports and/or food aid. Second, there must be *access* to that food, both in terms of the ability to get food to people and their ability to earn the income to purchase the food. Finally, the human body must have the ability to *utilize* the food as effective nutrients.

Over the past 30 years, Africa is the only continent in the world where per capita income and per capita food production have not increased. The World Bank estimates that while population increased by 3 percent per year in Africa during this period, agricultural growth was less than 2 percent. Data quality is very poor, and no one knows precisely how bad the continent wide situation is. However, there is no doubt that the agricultural revolution that has brought major gains to the rest of the world has largely bypassed Africa. While modest progress is being made in selected African countries, many have lower real incomes today than they did a decade ago. By the year 2000, 30 percent of the world's poor are expected to be in Africa -- compared to 16 percent in the mid-1980s.

Major studies on global agricultural production and food requirements by the U N Food and Agriculture Organization (FAO), the International Food Policy Research Institute and the U S Department of Agriculture agree that if current trends continue, there will be



an alarming food deficit in some regions of Africa early in the next century. FAO projects that the current 200 million chronically undernourished in Africa will increase to 300 million by the year 2010. The International Food Policy Research Institute estimates that the number of malnourished children in Africa (28 million in 1990) will increase to around 45 million by the year 2020 at current economic growth rates.

About 40 percent of all child deaths in Africa before the age of 5 are related to malnutrition. There have been improvements in nutrition levels in certain countries over the past decade -- Uganda, Zimbabwe and urban Ghana, for example. However, drought, poor harvests and political unrest in many parts of Africa have increased the levels of acute malnutrition, which set back these positive, long-term developments.

THE UNDERLYING CAUSES OF FOOD INSECURITY

All three dimensions of food insecurity -- poor availability, access, and utilization -- can be traced to several major root causes. These root causes of food insecurity include

Ineffective Economic and Agricultural Policies

Economic and agricultural policies that distort prices of agricultural goods and services adversely affect investment in agricultural production, marketing and storage and subsequent earnings from these activities. More broadly, many African nations have yet to fully embrace the sound and open economic policies that create lasting economic growth and reduce poverty. The policy environment has shown substantial improvement in many African countries, but these policy reform efforts are still fragile, and difficult problems remain, especially institutional problems.

Rapid Population Growth and Environmental Degradation

Sub-Saharan Africa has one of the highest population growth rates in the world. Increased population in many countries is overtaxing already fragile natural environments. Population growth rates remain high in large part because of limited social services such as basic education and health provision, which, in turn, often translate into low use of contraceptives and high rates of infant mortality. Growing population pressures in rural areas also lead to exploitation of marginal lands without appropriate land management techniques. This results in serious environmental degradation and contributes to lower yields in overall food production.



Inadequate Development and Use of Research and Technology

Agricultural research and extension provide the foundation for technological innovation and productivity growth, particularly in largely agrarian economies. Current levels of international support for agricultural research, including that conducted by the Consultative Group on International Agricultural Research and by U S universities, are widely considered inadequate to meet anticipated growth in demand for food while maintaining and augmenting the productive capacity of the world's natural resource base. More effective use of already existing technology is also a must.

Insufficient Infrastructure and Transport

The poor state of roads and telecommunications throughout sub-Saharan Africa has resulted in high transport costs and market uncertainties, making crops difficult and expensive to market. This, in turn, has meant that farmers are not efficiently connected to markets that would provide them with increasing incomes. There has also been a heavy urban bias in decision-making, resulting in transport systems around large cities that have little trade with rural areas and that are dependent on imports.

INCREASING NUMBER OF COMPLEX EMERGENCIES

Intertwined with the issue of food security in Africa is the issue of complex emergencies. During the last five years, food insecurity and civil unrest have spiraled in a dangerous cycle. Food insecurity has exacerbated social and ethnic turmoil. Numerous countries plagued by cyclical drought are now marked by political instability. Many of these nations have descended into civil war and conflict. The resulting emergency relief needs of these nations have increasingly overtaxed the international system and seriously depleted food resources that could be used to promote sustainable development and improved food security. Breaking this cycle of despair is absolutely essential to Africa's future.

In 1995, some 15 million Africans in 28 countries received relief food at an estimated cost of \$1.4 billion. This compares with an expenditure of \$129 million in 1985. The high rate of man-made disasters is evidenced by such long-running civil wars as those in Angola, Liberia, Mozambique, Somalia, and Sudan as well as by ethnic conflicts and internal turmoil during the 1990s in Rwanda, Burundi, Chad, Kenya, Mali,



Niger, Uganda and Zaire

Food aid resources are shifting away from development to emergencies. The U S government provided \$325 million for Title II humanitarian relief operations in Africa in 1996. For the Rwanda regional emergency alone, the U S food aid bill was \$125 million. In contrast, a total of about \$90 million in Title II development resources was programmed in sub-Saharan Africa in FY 1996. The policy reforms leveraged through Title III have played an important role in combating the long-term obstacles to food security, yet these resources have been cut significantly. The Title III FY 1995 funding level was down by well over 50 percent from FY 1994, and the number of countries worldwide receiving Title III dropped from 13 in FY 1994 to seven in FY 1995.

During the last decade, the influx of malnourished refugees has necessitated emergency food aid efforts in 25 countries. We are spending more and more on costly emergency interventions and less and less to solve the problem. Ironically, this comes at a time when many African leaders are demonstrating a willingness to do the right thing for their people. The cost of not addressing the root causes of food insecurity would be high. According to the U S Department of Agriculture, if present slow agricultural growth rates cannot be accelerated, yearly food aid costs in these key African countries will cost an estimated additional \$900 million by the year 2005.

USAID'S RESPONSE: AN INTEGRATED APPROACH

To help reduce population pressure on the limited natural resource base, USAID has pioneered family planning programs throughout Africa. We now have evidence that these programs are paying off. Fertility rates are starting to come down in a number of key African countries, while contraceptive use is increasing substantially. For example, Kenya has experienced one of the most dramatic declines in fertility rates in the world, dropping from an average of 7.7 babies per woman in 1989 to 5.0 in 1994. Other countries like Ghana, Zimbabwe and Uganda have also experienced significant declines.

Despite these successful efforts in family planning, demographics indicate that high rates of population growth will continue for some time. Thus, it is essential to work today on agricultural and income-generation activities that promote economic growth and help Africans to produce and purchase food. USAID's agriculture programs work to improve



food security in several ways. First, USAID has been a leader in helping Africans realign their agricultural policies to create the incentives needed to encourage production, raise incomes and reduce poverty. A recent review of USAID assistance in agriculture confirmed that a good policy environment is key to realizing returns on investments in agricultural technology. This is accomplished using Development Assistance programs, as well as Title III food aid resources. Second, we are particularly proud of our investments in human capital. Africa has gone from having only 152 agricultural scientists in 1960 to having some 8,000 in 1990. A large percentage of these scientists were trained with USAID funds in a major collaborative effort with U.S. universities.

USAID also has made substantial investments in agricultural technology, working with international agricultural research centers, U.S. universities, and African institutions. Evidence from a series of 24 impact studies conducted across Africa since 1992 demonstrate the benefits from agricultural research programs supported by USAID and others. Technology development and transfer have had an impact on improving the welfare of Africans through significant increases in the use of technology that result in higher yields, production and incomes. There also is evidence of improvements in women's status in the household, improvements in the environment, and the sustainability of human and institutional capacity for research. USAID has also made modest but important investments in rural roads, other rural infrastructure, and in improving the natural resource base. Title II resources have played a significant role in these investments.

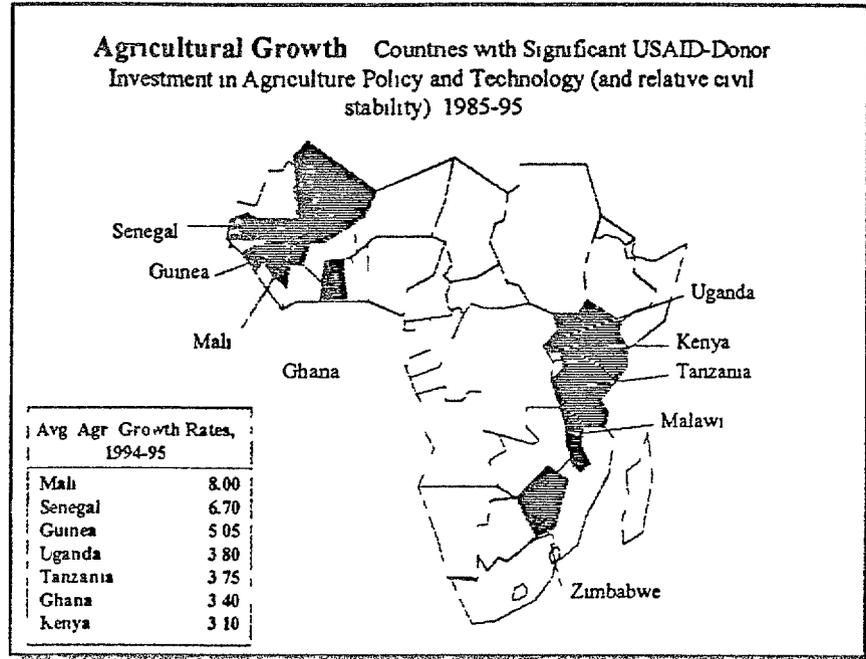
HOPE FOR THE FUTURE?

Although the situation in a number of African countries is of grave concern, the record across the continent has been mixed, with a number of impressive successes. While many countries remain mired in civil strife, economic stagnation, and autocratic regimes, others are opening their economies, increasing trade, expanding productive employment, finding peaceful solutions to their ethnic problems, building human capital, and experimenting with democracy. In countries where relative civil stability has been paired with investments in agricultural technology and in reforming policies, rates of economic growth, agricultural growth and food production are on the increase.



For example, Mali, a major food aid recipient often considered a basket case in the past, had 8 percent agricultural growth in 1994-95 and now exports certain commodities. Senegal, Uganda, Tanzania, Ghana, Kenya and Guinea all saw encouraging rates of agricultural growth during this time period (see chart 3). Another group of countries, having achieved relative political stability, is poised on the edge of positive economic changes. Better production and reforms to reduce marketing costs have significantly raised incomes and lowered food prices in some countries. Even in countries that are still affected by conflict, we have learned that investments in agricultural assets -- regional and national -- are critical to improving stability, preventing widespread famine and ultimately reducing emergency costs.

Chart 3



Will coming decades bring ever-increasing images of hungry children to our television screens and more and more costly emergencies? While only Africans themselves can answer these questions, we can and must help those courageous enough to make the hard decisions. USAID's encouragement for reformers and past investments in agriculture and food aid have made a real difference in improving food security in key countries. There can be little doubt that a failure to support vital investments in agricultural research, policy and institutional reforms, rural infrastructure and human capital will greatly diminish the prospects for a prosperous, food secure Africa.



Taken together with current USAID activities, the "*Promoting Food Security*" initiative forms a coherent package that attacks the root causes of food insecurity by linking national policy, technology, and food reserves. It provides a line of defense against climatic, economic and even political vagaries that threaten food security. Instead of a downward spiral defined by poverty and short-term trade-offs born of crises, the initiative sets the stage for an upward growth cycle based on surplus, income and opportunity. The initiative advances U.S. interests in a more prosperous and stable Africa while working to achieve the goal of ending hunger around the globe.



APPENDIXES

I THE COST OF DOING NOTHING

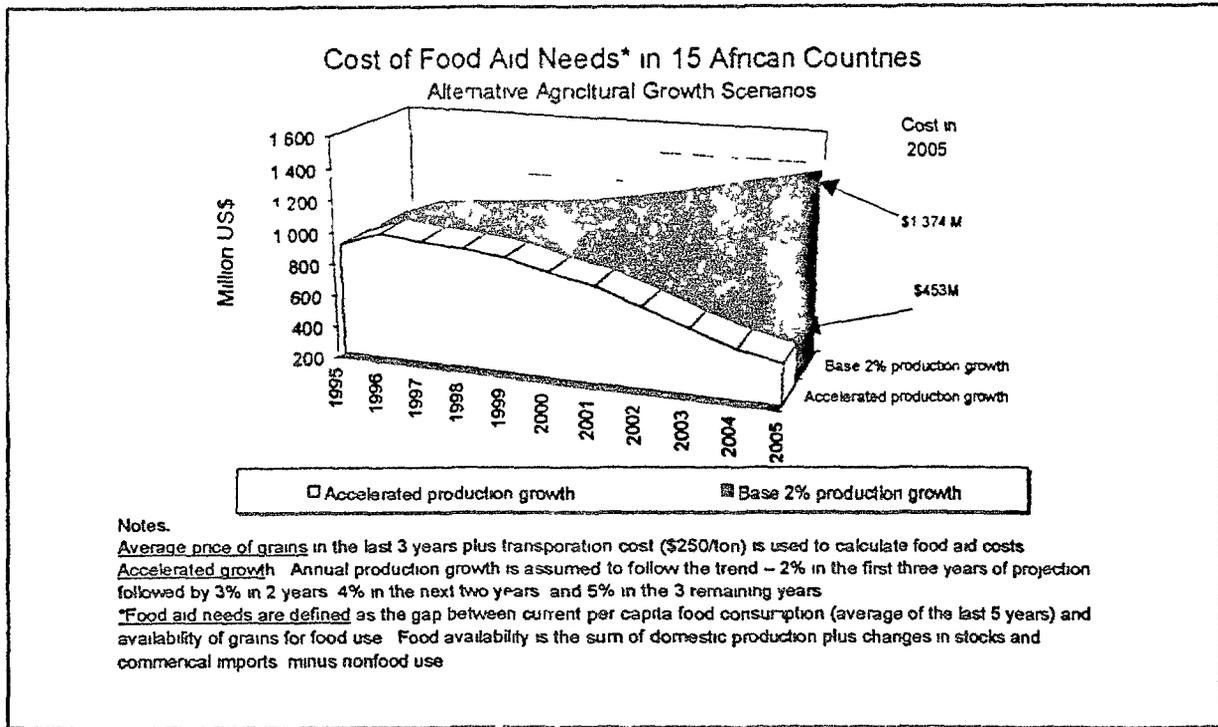
II APPROPRIATE CROPS AND INTEGRATED FARM AND ENVIRONMENTAL MANAGEMENT

I THE COST OF DOING NOTHING

USAID has collaborated with the U S Department of Agriculture Economic Research Service to estimate some of the future costs if we don't take action now to address Africa's growing food security problems. While such analysis is complex and subject to many assumptions, it nonetheless demonstrates an order of magnitude with respect to the high cost of not acting.

There are four parts to the analysis that was undertaken. First, we undertook a retrospective analysis to look at what has happened in two countries (Mali and Ethiopia) where there has been substantial progress in improving agriculture and tried to estimate some of the costs that would have been incurred without that progress.

Chart 4



Second, for the African countries where the initiative may work, we projected 10 years into the future the costs of food aid under different agricultural growth scenarios (current rate of 2 percent agricultural growth versus a progressive increase to 5 percent growth that could be obtained with improved agriculture) Third, we looked at the effect this would have on people, specifically with respect to food consumption Finally, the drastic drop in per capita food availability at current slow growth rates would certainly contribute to crisis and failed states -- therefore, information was generated on the costs of responding to such emergencies Some of the key conclusions are

- If Ethiopia had continued to require donated food on the same level as in the mid-1980s, donors would need to be pouring an additional \$145 million in food aid annually into that country now, even using very conservative cost estimates For the 1985-95 period, total savings in food aid not required due to recent better agricultural performance exceeds \$400 million (note progress in Ethiopia remains fragile)
- For the African countries where the "*Promoting Food Security*" initiative is likely to work, an additional \$900 million per year will be needed for food aid by the year 2005, if agriculture maintains its current 2 percent growth rate versus a progressive increase to 4 percent or 5 percent growth that can occur with investments today in improving policy and new agricultural technologies The total annual cost of food aid just for these countries will soar to almost \$1.4 billion in the year 2005 under the slow growth scenario (see chart 4)
- In people terms, the costs are enormous If current slow growth continues to the year 2005, tens or hundreds of millions of people will be unable to maintain their already low level of food consumption
- Such massive human costs will no doubt help to precipitate crises Even excluding Department of Defense costs, these crises in Africa have been costing the U.S. government between \$500 million and \$1 billion annually



II APPROPRIATE CROPS AND INTEGRATED FARM AND ENVIRONMENTAL MANAGEMENT

Through ongoing consultation at both the national and regional levels, as well as through close interaction with other international development partners, USAID has identified priority areas for technology development and dissemination

Appropriate Crops

- Drought- and disease-tolerant varieties of maize -- Africa's most important cereal -- in Guinea savannas, East African highlands, and the Southern Africa plateau,
- Higher-yielding sorghum and millet -- the food security crops of the Sahel and semi-arid areas of Eastern and Southern Africa,
- High-yield, pest-resistant "super cassava" -- the continent's most important food crop,
- Disease-resistant hybrid plantains for the East Africa highlands,
- High-yield, disease resistant grain legumes (bean, cowpea, groundnut) for improved nutrition and system sustainability,
- Development and dissemination of improved disease-resistant root crops (potato, sweet potato, yam), and,
- Vegetables (including native African types) for improved nutrition and income generation

Integrated Farm and Environmental Management

- Incorporation of trees and shrubs for enhanced environmental management, agricultural sustainability and income diversification,
- Small-scale technology for household dairy development,
- Integration of livestock and enhanced resources management in mixed farming



systems,

- Biological control of mega-pests (e.g., locusts, striga) for agricultural stability and avoidance of crop failure,
- Conservation and dissemination of African crop and livestock genetic diversity for improving stability and productivity of land management systems,
- Meeting Africa's soil fertility crisis through integrated approaches: fertilizers, crop/tree rotations, and nutrient cycling, and,
- Fish farming for improved nutrition and smallholder income growth

